

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS

**ANALYZING THE EFFECT OF PROCUREMENT PRACTICES ON  
ORGANIZATIONAL PERFORMANCE IN THE PUBLIC SECTOR: EVIDENCE FROM  
THE ASHANTI REGION**

BY

ADAM MOHAMMED KAMARUNDEEN

(BA in Economics and Political Science)

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REQUIREMENTS FOR THE DEGREE OF MASTER OF SCIENCE**

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**DECLARATION**

‘I hereby declare that this submission is my own work towards the **Master of Science in Procurement and Supply Chain Management** degree and that, to the best of my knowledge, it contains no material previously published by another researcher which has been accepted for the award of any other degree of the University except where due acknowledgement has been made in the text’.

ADAM MOHAMMED KAMARUNDEEN .....  
(PG9443321) **Signature** **Date**

**CERTIFIED BY**

DR. EMMANUEL K. ANIN .....  
(Supervisor) **Signature** **Date**

**CERTIFY BY**

PROF. DAVID ASAMOAH .....  
(Head of Department) **Signature** **Date**

**DEDICATION**

This project work is dedicated to the Almighty God who gave me the strength, knowledge and wisdom to carry out this research successfully.

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Glory and honour be to God most high for His sufficient grace and mercy towards me during the entire period of this programme. I sincerely would like to express my gratitude to my supervisor, Dr Emmanuel K. Anin, who took time out of his busy schedule to review, criticize and offer valuable contributions to enrich the work. My profound gratitude goes to my family for their support during the programme.



## ABSTRACT

Throughout the world, public purchases are key components in the performance and functioning of various departments of government institutions. Procurement practices include procurement planning, procurement control, monitoring and evaluation, contract management and sourcing. Public procurement has been shown to be an integral function of governments in both developed and developing countries as its huge financial outflows have a great impact on their economies, However, public sector procurement practises often receive little scrutiny the terms of its impact on organizations' performance, especially for public sectors. There is therefore the need for exploring how public procurement practices can be better implemented and managed to enhance the performance of organizations in Ghana. The study seeks to analyse procurement practices in the public sector and their impact on organizational performance using Metropolitan, Municipal and District Assemblies (MMDAs) in Ashanti Region. The researcher employs survey research on a sample of 113 Metropolitan, Municipal and District Assemblies (MMDAs) in the Ashanti Region. A purposive sampling technique was adopted in selecting the participants. The study concludes that there is a positive relationship between procurement practices (planning, sourcing and contract management) and organizational performance. It is recommended that since all the dimensions of the procurement practices are interrelated, procurement practitioners should pay equal attention to each dimension of the procurement practices for improved performance.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

It is well known that the practice of public procurement plays a significant role in the efficient management of public resources. Due to a rising understanding of the significance of procurement as a sector vulnerable to mismanagement and corruption, countries have taken attempts to integrate procurement into a broader strategic picture of government activities (OECD, 2007). The effectiveness and operation of several government bodies' departments across the world depend on public purchasing. Generally speaking, the public sector is made up of governmental agencies and/or public institutions including communications networks, transportation services, health services, and educational institutions like high schools and colleges. Public procurement is considered to be one of the primary channels for corruption at the local government level (National Public Procurement Integrity Baseline Survey, 2010). In light of this, several changes have been made to Ghana's procurement procedures with the main aims of reducing or eliminating corruption, delivering value for money, and establishing the effectiveness of the procurement procedure. Makabira and Waiganjo (2014) claim that procurement procedures are a group of decisions that a business makes to promote effective supply chain management.

According to Zambia Public Procurement Authority (2008), the process of identifying and compiling needs as well as figuring out the timelines for their procurement to have them as and when they are necessary is termed as procurement planning. In support of this definition, Agada and Shipman (2007) added the definition of procurement planning as the method utilized by public institutions to schedule their activities over a certain time frame. Metropolitan, Municipal and District Assemblies (MMDAs) are required to create annual budgets for their staff including amounts for spending and purchases. This is because the Metropolitan,

Municipal and District Assemblies (MMDAs), which greatly contribute to the success of their operations and enhance their performances, have made procurement planning one of the main tasks of their procurement practices (Basheka, 2004).

Monitoring the project's procurement relationships is a step in the procurement control process. It involves monitoring the contract's performance and making the required modifications (PMBOK, 2016). The benefit of procurement control is that it ensures that seller and buyer performance conform with the procurement requirements as stipulated by the terms of a particular legal agreement (PMBOK, 2016).

Procurement monitoring is an essential part of procurement management and control when it comes to ensuring ACT 663 performance outcomes including value for money, professionalism, and code of conduct in procurement. Procurement monitoring is the systematic observation and data analysis used to determine if a contracting authority is in compliance with public procurement legislation at all stages of the procurement process (www.lawinsider.com).

An offer must first be carefully scrutinized and assessed in order to determine if it conforms with the specifications and conditions contained in the solicitation document. Additionally, cost-benefit analysis and pricing and value determination are required (www.unops.org). The procurement assessment is frequently carried out by a designated team in accordance with the relevant laws, rules, and procedures, using the evaluation criteria and method stated in the solicitation document in order to perform a fair and objective review (PPA, 2003).

On the other side, contract management includes performance tracking and documentation. The UN Procurement Practitioner's Handbook's definition of contract management, which encompasses the entire procurement cycle, including contract formation, execution, administration, and close out, is widely regarded as being more comprehensive and strategic

than the cycle's routine administrative tasks. The objective of contract management is to ensure that all contract parties fully and effectively carry out their respective commitments, delivering the business and operational outputs required by the contract while also providing value for money. Prior to its conclusion, the procurement body monitors the contract to allow for effective implementation of remedial measures should issues arise (PPA ACT, 663).

Sourcing is an essential part of procurement procedures in their interactions with Metropolitan, Municipal, and District Assemblies since it benefits the functioning of these institutions (MMDAs). According to the United Nations Office of Project Services (UNOPS, 2019), sourcing means finding potential suppliers who can without a doubt offer the products you need and building long-term partnerships with them. The buyer might achieve this by asking potential suppliers for information. You can gather information about possible suppliers from these sources: trade directories, exhibits, colleagues, publications, catalogue libraries, suppliers' past performance data, and suppliers' reputations (Weele, 2007).

Organizational performance refers to how a company's actual outcomes compare to its intended outcomes, goals, and objectives (Upadhaya, Munir & Blount, 2014). Measures of an organization's success include reductions in costs, improvements in the quality of the goods or services delivered, productivity gains, and lead times (Mchopa, 2014). Ho (2008) pointed out that, as confirmation, an institution's efficacy and efficiency may also be used to assess organizational success. The performance of these Metropolitan, Municipal and District Assemblies (MMDAs) should be assessed in light of these financial factors, including increases in sales, profits, returns on investments, business performance, and organizational effectiveness, according to Venkatraman and Ramanujam (1986). Delaney and Huselid (2006) further emphasized that in light of this, one way to assess an organization's success is to look at the quality of its products and services, market performance, client satisfaction, service innovations, and labour force.

Effective procurement procedures are required, according to the research, to guarantee the organization's success. Public procurement procedures are crucial to the overall efficacy of public sector management because they may aid in better resource allocation to development goals and improved public sector administration. Poor and dishonest procurement practices may squander public cash and increase transaction costs, which might be detrimental to development objectives.

. Therefore, coordinated cooperation is necessary for efficient procurement processes. This team effort will have a substantial impact on institutional performance and will be governed by authority, duties, schedules, and resources (Eduardo-Talero, 2004).

In summary, there is a significant correlation between organizational performance and procurement processes since one action frequently moves the other, and vice versa, so when one fails, the other suffers. To that end, this study examines public sector procurement processes and how they affect organizational performance.

## **1.2 Problem Statement**

The major purpose of procurement is to protect the government's cost structure while providing customers with the best products, services, and value (United Nations Office of Project Service UNOPS, 2019). The majority of public purchasing institutions contend under the Public Procurement Act 2016, (Act 914), that the Act's provisions by themselves do not always aid in the attainment of procurement goals. As a result, the PPA (Act 663 and 914) was passed to rectify flaws in procurement procedures. Governments in both rich and developing nations have proved that public procurement is an essential part of their operations because of the significant cash outflows that it causes for both of those nations' economies (Thai, 2001). As an illustration, public procurement comprises between 50% and 70% of Ghana's national

budget, 14% of GDP, and 24% of imports (World Bank, 2003a; Adjei, 2006). However, due to the political reaction, such studies or their authors may experience, public sector procurement practices frequently receive minimal examination in terms of their influence on companies' performance, particularly for public sectors.

Conceptually, there has been a connection made between the procurement process and organizational performance results (Schapper et al. 2006; Morgan 2008; Van erVaart & Van Donk, 2008). Considering this recognition, there is a scarcity of data on the impact of procurement procedures on organizational performance in the public sector. Prior research, in particular, contends that procurement procedures, as measured by planning, sourcing, and contract management, must be a critical aspect in determining how effectively a company succeeds (UNOPS, 2019). However, there has been a little empirical investigation of these characteristics of public procurement methods and their links to organizational results (Mbau, et al., 2018; Prada, 2016; Morgan 2008; Van der Vaart & Van Donk, 2008). Furthermore, there is existing research and literature on the effects of procurement practices on various other factors and their impact on performance; however, the majority of these studies were frequently conducted in private corporations and in developed economies, with very few or no such studies conducted in public or government institutions, particularly in developing economies such as those of the majority of African countries. Among the studies demonstrating the influence of procurement methods on an organization's success are (UNOPS, 2019; Basheka, 2004; Schapper et al. 2006; Morgan 2008; Van erVaart & Van Donk, 2008). The current study focuses on the investigation of procurement methods and their consequences for organizational performance among the Metropolitan, Municipal, and District Assemblies (MMDAs) in the Ashanti Region.

### **1.3 Research Objectives**

The general objective of the work is to analyse procurement practices in the public sector on organizational performance. From the general objective, these specific objectives of the study were derived:

1. To assess the effect of procurement planning on organizational performance.
2. To assess the effect of sourcing on organizational performance.
3. To assess the effect of contract management on organizational performance.

#### **1.4 Research Questions**

The research questions were deduced from the research objectives.

1. What is the effect of procurement planning on organizational performance?
2. What is the effect of sourcing on organizational performance?
3. What is the effect of contract management on organizational performance?

#### **1.5 Significance of the Study**

The research is notable because it points out current trends that are essential to the public procurement process. The study contributes to the scant body of knowledge regarding public procurement procedures and how they impact both public and private sector company performance. As a result, conceptually, the frameworks and concepts employed in this research contribute to the literature on procurement and lay the groundwork for any future research.

Second, procurement professionals will benefit from the findings and suggestions made by this research as they work to enhance the design and execution of their institutions' procurement processes. The study's conclusions will be useful to the Public Procurement Authority (PPA) in revising and updating regulations that govern public sector procurement processes.

#### **1.6 Overview of Research Methodology**

The framework for the study, the sample, and the efforts taken to address the research questions is known as the research design (Kothari, 2008). A cross-sectional survey and a quantitative

technique were used in the investigation. The population of this research was made up of the many public organizations present in the Metropolitan, Municipal, and District Assemblies of the Ashanti Region (MMDAs). The people were picked using a deliberate sampling technique. Based on the participants' familiarity and expertise of the research's subject matter, a choice was taken. 120 people in total participated in the study. Primary sources of data were consulted by the researcher. Surveys were utilized to get the first data (Kothari, 2008). Data were analyzed with descriptive and inferential statistics using SPSS (Statistical Packaging for Social Sciences).

### **1.7 Scope of Study**

The research looked at the elements of procurement methods, including contract administration, sourcing, and planning, as well as how these actions impacted organizational performance. The Metropolitan, Municipal, and District Assemblies (MMDAs) in the Ashanti Region served as the study's specific study sites. The Ashanti region was chosen as the study's focal point due to a number of unique features that help describe and grasp the public procurements process in the Metropolitan, Municipal, and District Assemblies (MMDAs). The region is the third biggest geographically among the sixteen regions in Ghana and has the second highest socioeconomic development. The area, which comprises a Metropolitan, seven Municipalities, and 30 districts, may be said to be cosmopolitan. This makes it an ideal location for the study of the effects of the procurement process on the Metropolitan, Municipal, and District Assemblies (MMDAs).

### **1.8 Limitation**

The following restriction should be considered while assessing the study. The nature of the study first and foremost demanded a lot of input. These significantly hampered the study's capacity to move forward. Since she had to nag some respondents to complete the surveys,

others made it incredibly difficult for the researcher to do the study. Second, it was limited in its relevance to a larger audience because it was only done on Metropolitan, Municipal and District Assemblies (MMDAs) in the Ashanti region due to time and money constraints. It is advised that future studies take that into account.

## **1.9 Organization of Study**

This research has five chapters in all. The Introduction chapter serves as the study's introductory statement. It comprises the background, objectives, and research questions as well as the size, significance, and constraints of the study. It also gives a brief explanation of the methodology and the structure of the study. Chapter 2 of the research covers the review of relevant literature with regard to the study's objective. The investigation's philosophical and theoretical foundations are also covered. The techniques used to conduct the research are described in detail in Chapter 3, together with information on the characteristics of the region being studied. These include the research's target population, the questionnaires that were utilized, and the sample size. The examination and discussion of data gathered from the field are the subjects of Chapter 4's reflections. Chapter 5 concludes the investigation by summarizing the results, making recommendations, and drawing a conclusion.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Chapter two of the study looked at relevant literature that supports the topic in general. The key issues that inspire the study are used by the researcher to ensure that the study reads out good to the reader.

## CONCEPTUAL REVIEW

### 2.2 Concept of Procurement

According to Ghana Integrity Initiative (2007), procurement is the process of acquiring goods and services, typically through a contract, for the direct benefit or use of governments, businesses, or people. It must be done at the lowest possible total cost of ownership, in the right quantity and quality, at the right time and place. Therefore, one of the main objectives of procurement is to provide consumers with the best service at the best price while still preserving the cost structure of the government (Barly, 1994). Despite the fact that procurement provides benefits for both the economy and society, the latter are frequently seen as by-products of cost savings and environmental improvements (Wickenberg, 2004). Furthermore, because it is a means of carrying out governmental policy, it has a significant impact on the economy as well as a direct bearing on people's day-to-day lives (Ghana Integrity Initiative, 2007). Therefore, public procurement is when public bodies use public monies to purchase commodities, works, and services (World Bank, 1995a). Simple products or services like clips or cleaning services are included in public procurement, as are more complex commercial projects like the construction of roads, power plants, and airports. The World Bank projected the annual value of governmental purchases of goods, building projects, and consultancy services to be 600 million US dollars, or about 10% of the country's GDP, in 2003. Because of the massive financial outflows that have a substantial impact on national economies and require careful supervision, public procurement is therefore a key obligation of both developed and developing nations' governments (Thai, 2001). In order to achieve economic, sociopolitical, and other governmental goals, public procurement procedures must be carefully managed. It's critical to remember that public procurement, in contrast to private procurement, is a business activity carried out inside a political framework. Integrity, accountability, national interest, and effectiveness are therefore given a lot of weight (Wittig, 1998). As stated above, public

procurement refers to the act of government and public organizations buying goods, services, and public projects with the goal of assisting particular demographic groups or the general public.

### **2.2.1 Importance of Procurement**

Procurement is the process of identifying, speaking with, and acquiring goods, services, or works from a third party, sometimes through a competitive bidding procedure. According to the UN's definition of procurement, every institution, whether public, commercial, or quasiowned, benefits from and cherishes it. Whether or not the firm is now large, the acquisitions they make do have some effect on the business. Many of the decisions that departments make have procurement implications that may influence the total cost of carrying out the decision.

Purchasing in the private sector is seen by the UN as a strategic activity that works to increase an organization's profitability. The public procurement authority anticipates that procurement will aid in process simplification, lower raw material costs and prices, and find better sources of supply. When spending more money, there are legal requirements for openness, transparency, and non-discrimination (PPA manual). According to its public procurement laws, the major objectives of EU procurement legislation are to ensure the free movement of goods and services within the EU and to increase the level of competition in public procurement. An institution's costs may be broken down into two separate categories: pay (salaries and wages), and non-pay (all other expenditure). The administration of a sizeable amount of non-pay spending is something that procurement is concerned with, as is making sure that the greatest value for money is attained when committing this expenditure (Anderson, 2000). Procurement is viewed as a strategic job in the business sector that boosts an organization's profitability. The general consensus is that procurement may help to simplify processes, reduce costs and prices related to raw materials, and enhance supply sources. According to Jeong-Wook Choi's (2013)

research, corporations regard the private sector as a profit center where earnings may be increased while material costs are decreased. According to the World Bank (2014), the impact of cities waiting for products, hospitals waiting for medications, and schools waiting for textbooks would have been severe. Additionally, a significant amount of money would have been squandered in the absence of efficient procurement. (PPA 2003) claims that in order to accomplish its objectives, reliable procurement is required. The threshold set in and codified in ACT 663 must be followed when recording services and works. In order to promote accountability across all of their operational requirements, organizations take care. Public institutions are responsible for acquiring products, services, and labour to make sure they make the best use of the resources allotted (Public Procurement Manual). In addition, if individuals like Entity are not held responsible for their actions, there would be lack of transparency and corruption that will harm residents and cause losses. Every year, corruption is believed to cost billions of dollars. In the Middle East and North Africa (MENA) region, each of these components is extremely crucial. Public procurement accounts for 15–20% of the national GDP.

### **2.2.2 Procurement Challenges**

Reforms aiming at improving the transparency, effectiveness, and accountability of the public procurement system have been implemented in many developing nations. However, it has been very challenging to reform public procurement procedures (Hunja, 2003). The lack of procurement experience inside procuring companies is arguably the largest barrier to the development of an effective procurement system (Office of the Director of Public Procurement Malawi, 2007). Many District Assemblies find it difficult to organize Tender Committees or Tender Review Boards because they can't locate competent members, especially in rural regions (McDonald, 2008). The public procurement industry has long been plagued by poor

administration, corruption, and trickery employed by suppliers. One of the primary causes of problems with public procurement is the lack of trained employees in the field. (Thai, 2010). Previously, it was believed that basic education was adequate, but current research shows that education is only one component of what it takes to become a successful procurement expert (APPC, 2006). The most successful procurement professionals combine knowledge with excellent relationship-building, communication, and thinking beyond the box (Guinipero, 2000; Guinipero and Handfiled, 2004). Numerous chances to abuse the system exist, frequently with complete impunity, as a result of the unpredictable application of the law and lax enforcement (Hunja, 2003). Public entities will go to tremendous lengths to provide the impression of formal conformity with procedural and other requirements, even while doing so significantly undermines the goal and spirit of such standards. According to research by Nsubuga (2006) on Ugandan procurement reforms, role conflicts between councillors and contract committees have occasionally led to meddling in the procurement and disposal process by some politicians and technical employees. Conflicts have already arisen as a result of the delay in educating important parties on the new procurement reforms and laws, service protocols, and notably local government council members. The lack of full-time operational procurement units in local government is a major barrier to the effective implementation of Uganda's procurement reforms (Nsugaba, 2006). The regulations are ambiguous about the procurement unit's finances, allowance payments, and actions (Nsugaba, 2006). The local government tender board in Uganda received financing from the Poverty Monitoring Fund, but once the contract committee was established, that amount was cut by more than 90%. 2006 (Nsugaba). Since local tax collections for local government continue to decline, it is difficult to finance procurement adjustments. This affects morale for those in charge of the procurement process (Nsugaba, 2006). The difficulty of attracting qualified service providers is a challenge for local government (Nsugaba, 2006). Insufficient capacity has also caused delays in the

submission of user needs, delays in procurement, and, in certain situations, a need for emergency procurement (Nsuguba, 2006).

### **2.2.3 Procurement Process in Metropolitan, Municipal and District Assemblies (MMDAs)**

Procurement is very key to every institution with respect to the nature of that institution. However, the nature in which it is seen is very peculiar to these institutions. In view of that, the procurement process in Metropolitan, Municipal and District Assemblies (MMDAs) is done taking into perspective the following procedures in accordance with PPA ACT 663 and the Amended Act 914.

- ❖ Budget unit prepares the annual budget for the next year
- ❖ Procurement unit prepares a procurement plan based on the annual budget
- ❖ NEED Recognition
- ❖ Place an advert in one Newspaper (Times Newspaper) and another advert at Public Procurement Authority (PPA) website
- ❖ Engineer prepares bill of quantities (BOQ)
- ❖ Procurement prepares Tender documents
- ❖ Tender opening panel are form by the Coordinating Director
- ❖ Opening of tender dated in the advert
- ❖ Director form evaluation panel
- ❖ Tender evaluation and recommendation of award of contract by the evaluation team
- ❖ Entity tender committee meets to approve contract above head of entity threshold
- ❖ Notification of award of contract letter to contractor
- ❖ Acceptance of award of contract from contractor
- ❖ Signing of contract by both parts
- ❖ Handing over of site to contractor

- ❖ Monitoring of contract by the monitoring term from Assembly
- ❖ Taking over the project after completion by the Assembly
- ❖ Waiting over for Six months to check defect- liability before the final taking over of the project
- ❖ Final payment is made by the Accounts unit completion certificate is prepare by the Planning Unit and send by all monitoring term members (Engineer, Planning officer, procurement officer and Internal Auditor).

### **2.3 Organizational Performance**

This improves the performance of the business. In supply chain management research, however, the topic of performance is not sufficiently motivated. Attained financial goals and employee happiness may both be used as performance metrics for a firm. Ho (2008) noted that organisational performance might also be predicted using an institution's efficacy and efficiency. Venkatraman and Ramanujam (1986) assert that financial factors including revenue growth, profit margins, returns on investments, operational efficiency, and company success should be used to gauge performance indicators. Delaney and Huselid (2006) underlined that an organization's success may be evaluated by looking at the workforce, market performance, customer satisfaction, service innovations, and product and service quality. In addition, profit, sales, and market expansion, as well as return on investment, are critical factors that may be used to evaluate an organization's performance, according to Green and Inman (2007). Masiko (2013) said that these factors may be used to gauge an organization's success, including productivity, cost savings, the value of services and items delivered on schedule, and customer satisfaction.

#### **2.3.1 Organizational Performance Challenges**

Companies considered it difficult to attain organizational performance since many initiatives need to be institutionalized by important stakeholders in the company. The functions of supply and procurement provide several difficulties for businesses trying to attain organizational performance (Bhuvaneshwaran, 2019). The procurement and supply function presents five hurdles to businesses looking to attain organizational success, according to Bhuvaneshwaran (2019), which include the following:

- a. **Risk Mitigation:** For businesses, supply risk is a constant source of the difficulty. The main types of hazards are those related to the market, possible fraud, costs, quality, and deliveries. Your procurement and supply executives also spend a lot of time worrying about compliance issues including anti-corruption, policy adherence, and others.
- b. **Dark Purchasing:** Purchases conducted outside of the approved procurement procedure are referred to as dark purchasing; such unconstrained spending can eventually be expensive for businesses. The loss of income and control that results when purchases cannot be supported by capital expenditures or material inventories is a substantial challenge for businesses of all sizes to overcome.
- c. **Long Process Cycle:** Often times, last-minute purchases of goods and services are made in an urgent manner. As a result, actual lead times and cycle times sometimes differ greatly from those planned or anticipated.
- d. **Inaccurate Data:** Organizations demand precise and trustworthy data in order to make sound supply and procurement choices. Purchasing based on erroneous procurement and supply data can result in inventory shortages, excess inventory, and other difficulties that can have a direct impact on a company's operations.
- e. **Supplier-Related Issues:** One of the most difficult challenges in the procurement and supply department is supplier management. From selecting the best vendor to monitoring

vendor performance and ensuring a regular supply of high-quality items, the entire process is challenging.

## **2.4 Theoretical Framework**

According to Defee et al. (2010), quality research should be grounded in theory (Mentzer et al., 2008). Additionally, the institutional framework and socio-economic theory that informed this study The established method for looking at aspects of public procurement is the institutional theory (Obanda, 2010). Institution or institutional theory is not defined in a single, accepted manner.

### **2.4.1 Institutional Theory**

The meaning of existence is given by institutions, which, according to Scott (2004), are composed of cultural-cognitive and regulative elements as well as linked activities and resources. He continues by stating that normative, regulatory, and culturally cognitive factors make up the three foundations of institutions. With expediency as its cornerstone, the regulatory pillar strongly emphasizes the employment of rules, regulations, and fines as a way of ensuring compliance. In the normative pillar, values and norms, or "how things should be done," are discussed, with social responsibility acting as the cornerstone for compliance. The cultural-cognitive pillar is supported by a common understanding (common beliefs, symbols, shared understanding). This idea is crucial for the implementation of sustainable procurement policy and practice in organizations that offer public services. It all boils down to corporate culture and how accommodating the working environment is to sustainability and/or change in general. The level of senior organizational support for SP and the degree to which organizational policies and structures either help or hinder SP growth are further facets of this dimension (Brammer & Walker, 2007).

### **2.4.2 Socio-economic Theory**

Sutinen and Kuperan (1999) created the socio-economic theory of compliance by integrating economic theory with theories from psychology and sociology in order to account for moral duty and social influence as elements influencing people's decisions to comply.

According to Lisa (2010), psychological perspectives serve as the foundation for judging the success or failure of organizational compliance. Wilmshurst and Frost (2000) further point out that the legitimacy theory makes the assumption that the organization must justify its actions to all pertinent stakeholders, including the general public, and show how it adheres to societal standards. This paradigm provides a relevant and superior perspective for examining the government procurement system because it stresses the relationship and interdependence between an organization and society (Huiet al., 2011). This technique may be used to comprehend the procurement planning, sourcing, and contract management procedures of the Metropolitan, Municipal and District Assemblies (MMDAs), as well as their effects on organizational performance and society.

### **2.5 Conceptual Framework**

In order to demonstrate the links between the numerous independent and dependent variables, a conceptual framework is employed in study organization and development. The independent components in this study include procurement planning, sourcing, and contract management, whereas the dependent variable is organizational performance.

**Independent Variable**

**Dependent**

**Variable**



**Figure 1: A Conceptual Framework**

*Source: Author's own construct, 2022*

### **2.5.1 Effect of Procurement Planning on Organizational Performance**

The main task that establishes the framework for later procurement activities is procurement planning. The procurement process's engine is fueled by it, and it is then started. Due to issues with human, technological, and financial resources, planning has not yet advanced in many African nations to the point where the objectives mentioned may be achieved. Planning is a management idea that urges managers to plan out their goals and course of action in advance and to base their choices on a method, a strategy, or logic rather than on whim (Stoner, Freeman & Gilbert, 1995). The planning position include determining the objectives of an organization, creating a comprehensive hierarchy of plans to integrate and coordinate the activities, and offering a comprehensive plan for achieving those objectives (United Nation Office of Project Service UNOPS, 2019). The fundamental activity that prepares the ground for later procurement actions is procurement planning. It fuels the procurement process's engine before lighting it on fire. But anticipating purchases improves how well firms run. Given this, a company's efficacy is greatly determined by the caliber of its products and services, customer satisfaction, market success, inventive services, and staff relationships (Delaney et al, 2006).

On the other hand, according to Hoque and James' (2000) research on organizational performance in relation to the balanced scorecard, the evaluation of an organization's success is based on investment returns, sales margin, utilization capacity, product quality, and customer satisfaction. In addition, Greene et al. (2007) stated that in addition to revenue, market expansion, sales, and investment returns may all play a significant role in gauging how well a corporation is doing. These organizations often arrange their procurement in a way that ensures they accomplish their objectives within the framework of the organization's strategic goals (Greene et. al., 2007). Despite this, procurement planning makes sure there is a good link or generally affects how these institutions work.

*H1: Procurement planning has a positive and significant effect on organizational performance*

### **2.5.2 Effect of Sourcing on Organizational Performance**

The researcher wants to draw certain conclusions from the aim, which is how sourcing affects organizational performance. In general, sourcing is finding potential suppliers that can unquestionably deliver the products you need and building long-term partnerships with them (Thai, 2010). The buyer can do this by asking potential vendors for information. Information on possible suppliers may be found through trade directories, displays, colleagues, publications, catalogue libraries, suppliers' prior performance, and suppliers' reputations (Weele, 2007). However, sourcing as a procurement function enhances institutional activity. When a business wants to bring in new products, services, or labor, sourcing is crucial. As a result, sourcing makes sure that organizations' performance is highly accomplished. However, a product's fundamental functioning qualities are referred to as its performance. Researchers are still talking about the numerous elements that influence performance in various companies.

For example, Awino (2015) concentrates on examining how organizational structure influences the performance of significant firms in Kenya's industrial sector. She shows in her study how non-financial aspects like client satisfaction, internal corporate policies, and brand perception

affect the performance of big manufacturing businesses. The performance of Kenya's public universities, on the other hand, maybe positively impacted by strategic innovation, according to Shisia, Sang, Matoke, and Omwario (2014). Human capital's impact on organizational performance has also been studied. Odhon'g and Omolo (2015) examined the effects of investing in human capital on organizational performance from the perspective of the pharmaceutical industry. The study's inferential tests of association revealed a relationship between organizational performance and investments in human capital's quality, relevance, and reliability. Mbalwa et al. (2014) examined the relationship between corporate governance and the productivity of sugar-producing firms. Western Kenyan industrial firms were used in the study to show how corporate governance standards and organizational success are related. Academics have carried out these and other investigations of organizational performance. Without a doubt, there is a link between successful sourcing and organizational success.

*H3: Sourcing has a positive effect on organizational performance*

### **2.5.3 Effect of Contract Management on Organizational Performance**

An organization's performance may be greatly improved by effective contract management. To accomplish corporate goals outlined in the strategic plan, contract management is used in the procurement process. Organizational performance measurement enables a corporation to successfully and efficiently achieve its overall strategic goals. Comparing contract management to a variety of performance measures, such as quality, flexibility, speed, efficiency, and supplier connection, a noticeable increase in an organization's performance is evident. According to Costello (2008), businesses that have effective contract units, clear-cut activities, expectations and deadlines that are met, and well-controlled prices do better because suppliers are motivated to cooperate with them. Additionally, Nysten-Haarala, Lee, and Lehto (2010) aimed to demonstrate how flexibility was effectively included into the contractual process. They discovered that flexibility is crucial for contract management, leading to

increased organizational performance. Using the right operational KPIs, it is possible to quantify the impact of excellent contract management on organizational performance. Depending on the type of company, different organizations and industries have different performance measurements (Jusoh& Parnell, 2008). Corporations make an effort to develop performance evaluation standards to measure against their goals and rival businesses, as George (2005) notes. Some of the key performance measures used are: efficiency, quality, flexibility, compliance, supplier relationship, supplier defects rates, and procurement cycle time (Cho &Pucick, 2005). A range of performance measurements are essential in procurement departments where contract management takes place, according to Erridge, Fee, and McIlroy (2001). Indicators of customer satisfaction can also be used to evaluate an organization's performance. Only internal customers' assessments of their levels of satisfaction with the department's performance will be able to achieve this. If many businesses use questions that are similar to each other, benchmarking customer satisfaction ratings may be achievable. Customer satisfaction may be used to gauge a department's capacity to meet the needs and expectations of internal clients (Ray, 2011). The importance of supplier idea execution is a crucial performance indicator in contract management, according to Mead and Gruneberg (2013).

*H2: Contract management has a positive effect on organizational performance*

## **CHAPTER THREE**

### **METHODOLOGY AND ORGANIZATIONAL PROFILE**

#### **3.1 Introduction**

Numerous research approaches are covered in this chapter. Poku-Boansi (2015) defined methodology as a set of precise practices and guidelines used to assess and/or validate research data. This chapter goes into great depth about the many components, including the population, sample size, data gathering techniques, and data processing.

### **3.2 Research Design**

The general method of conducting research that establishes a plausible and cogent strategy to respond to predetermined research questions through the gathering, presentation, analysis, and discussion of data is known as a research design (Sarantakos, 2012). Study design, according to Creswell (2013), is the plan that directs how the research is carried out. The strategy that outlines the method, time and place for data collecting and evaluation is known as the study design. Since the objective of the research was to examine the effects of inventory management and information flow on the effectiveness of establishments, this work relied on a quantitative technique using a cross-sectional survey strategy design.

### **3.3 Research Approach**

Deductive and inductive research approaches are also available. Deductive research, according to Saunders et al. (2009), involves formulating a hypothesis and rigorously testing it. It enables the researcher to draw conclusions and test hypotheses based on already-known information or theories to look at a certain investigation's result (Robson, 2002 as cited in Saunders et.al.2009). A general inductive strategy is one that begins with specific observations and progresses to broader generalizations. The deductive method is used in this study to support the verification of the causality between the variables.

### **3.4 Population of the Study**

The population is made up of all of the cases or group participants in research. (Saunders et al., 2009) The study's intended audience consisted of the different organizations in the Juaben Municipality. Due to the nature of the concepts under examination, it was vital to identify a population that could provide the researcher with all the pertinent information required for

addressing the study's aims. As a result, public institutions within the Metropolitan, Municipal, and District Assemblies (MMDAs) of the Ashanti Region were assaulted.

### 3.5 Sampling Technique

A sample is a subset of the target population (Castillo, 2009). The researcher cannot test the full population, which is the basic defence for sampling. It may be claimed that the sample chosen is a reasonable representation of the population for statistical analysis. The researcher employs a method of deliberate sampling. This strategy was adopted in light of the participants' backgrounds, geographic regions, and ability to offer the information needed to address the study's objectives (Poku-Boansi, 2015).

### 3.6 Sample Size

The population is mostly used to estimate the sample size. One or more techniques can be used to determine it. They include employing a formula, a census, published data, and the sample size of a related study (Adenyira, 2015). Miller and Brewer's (2003) algorithm was used to calculate the appropriate sample size for this study. The sample consisted of 253 frames. This resulted from the original trip to the Metropolitan, Municipal, and District Assemblies (MMDAs). To achieve good accuracy and a strong representation of the target population, a 95 percent confidence level was used.

Using the mathematical formulae by Miller and Brewer (2003),  $n =$

$$N/1+N(\alpha)^2.$$

Where N is the sample frame, n is the sample size and  $\alpha$  is the margin of error (which is 5 percent), the sample size n becomes:

$$n = 253/1+253(0.05)^2$$

$$n = 168/1.4 \quad \mathbf{n=120}$$

The sample size for the study is therefore 120. This was the unit of analysis.

### **3.7 Data Collection Method**

In this inquiry, primary data were employed. Primary information is that which was compiled from nothing (Saunders et al., 2003). Primary data were acquired by means of a questionnaire. A series of questions was designed and distributed to the selected responders in order to collect the necessary information. The questionnaires were sent to different respondents. Measures were generated by altering existing scale components from the literature.

### **3.8 Data Analysis**

This study used descriptive and inferential (regression) statistics to analyze the data using the SPSS program, formerly known as the Statistical Packages for Social Sciences. The SPSS application is used to convert responses from a study's population into numbers through coding. The results of the investigation were presented and debated. The outcomes are displayed and discussed in the next chapter.

### **3.9 Validity and Reliability**

Validity is the degree to which a concept may be precisely measured in a quantitative study. The validity of a study may be explained in terms of how closely the standards of the scientific research process were followed while generating research findings. According to Oliver (2010), validity is an essential element of all types of research. The degree to which the data are accurately reflective of the topic under study is known as validity (Ghauri and Gronhaug, 2005). The essence of validity is to measure what is intended to be measured. The degree to which a measurement of a phenomenon yields a steady and consistent result is what reliability refers to (Carmines and Zeller, 1979). Reliability also includes repeatability. When a scale or test consistently yields the same result throughout repeated measurements, for instance, it is

said to be reliable (Moser and Kalton, 1989). Since dependability refers to the consistency of a measuring instrument's components, testing for it is essential (Huck, 2007). A scale is said to have high internal consistency dependability if its components "hang together" and measure the same construct (Huck, 2007, Robinson, 2009). The internal consistency statistic that is most usually used is the Cronbach Alpha coefficient. When employing Likert scales, it is regarded as the most appropriate reliability indicator (Whitley, 2002, Robinson, 2009).

### **3.10 Ethical Consideration**

In that it must address ethical issues, this research is no different from previous studies in that regard. The study of ethics encompasses a variety of topics, such as social and moral responsibility (Canvan et al., 2009). In the case of the former, the researcher ensured that each piece that contained content from other authors had been correctly referenced. The researcher also made sure to include all relevant material without omitting or intentionally including anything to persuade readers to agree with a particular viewpoint. Regarding moral responsibility, all respondents were needed to give their informed consent in order for them to voluntarily engage in the study without being subjected to force or fraud. In addition to informing them of the research's genuine aim, the researcher also gave them assurances of its strict secrecy. Throughout this exercise, this has been properly assured. Furthermore, the respondents' identities were kept a secret from the researcher since all of the questionnaires were put together randomly without using any specific information about the respondents' identities to certain categories.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

#### 4.1 Introduction

This section focuses on the data received from the various respondents' answers to the questionnaires. On data that was collected, analysis was done. Following that, discussions were held in line with the relevant literature.

#### 4.2 Data response

The researcher was able to obtain 113 of the 120 questionnaires that were distributed to the different respondents as a result of the government-imposed shutdown. As a result, 113 questionnaires were retrieved and employed for the study, which in actuality made up around 94.2% of the collected data. This effectively makes the study trustworthy and practical.

#### 4.3 Demographic Characteristics

According to Table 4.1, of the 113 responders overall, 68 are men, or 60.2% of them, and 45 are women or 39.8% of them. This means that the number of males in the sample outnumbers that of the females.

The data collection also includes information on the respondents' age distribution. Out of the 113 total respondents, 38 (or 33.6%) are between the ages of 20 and 29; 68 (or 60.2%) are between the ages of 30 and 40; five (or 4.4%); are between the ages of 40 and 49, and two (or 1.8%) are beyond the age of 50. This demonstrates that the majority of responders among members of the Metropolitan, Municipal and District Assemblies (MMDAs) are between the ages of 30 and 40.

**Table 4.1: Demographic Characteristics**

Variables	Categories	Frequency	Per cent
Gender	Male	68	60.2

	Female	45	39.8
	Total	113	100.0
Age	20-29	38	33.6
	30-40	68	60.2
	40-49	5	4.4
	50 or over	2	1.8
	Total	113	100.0
Education	Secondary school or related certificate	3	2.7
	Diploma/HND	16	14.2
	First degree	90	79.6
	Second degree	4	3.5
	Total	113	100.0
Managerial Level	Supervisor	41	36.3
	Middle manager	54	47.8
	Top manager	18	15.9
	Total	113	100.0
Firm type	Service	103	91.2
	Mining/Extraction	4	3.5
	Agricultural/Agribusiness	1	.9
	Manufacturing	2	1.8
	Other	3	2.7
	Total	113	100.0
Head of Procurement	Male	77	68.1
	Female	36	31.9
	Total	113	100.0

**Source: Author's own construct, 2022**

Another crucial factor that must be revealed in almost every study is the respondents' educational background in order to assess how well they can read and comprehend the questions that are being posed to them, particularly when they are required to complete the questionnaire independently of the researcher. The table above displays the respondents' educational backgrounds for this study. Three respondents (2.7%) have an SSCE or related certificate, sixteen (14.2%) have an HND or diploma, ninety (79.6%) have a first degree, and four (3.5%) have a second degree. These results demonstrate that the respondents had a very high level of education, and it is thus reasonable to assume that they completely understood the context of the questionnaire's questions. The results of the additional questions asked of the respondents on the various positions they hold within the Metropolitan, Municipal, and District

Assemblies (MMDAs). Top Managers make up 18.9%, Middle Managers 54.8%, and Supervisors 41.3%. This suggests that Middle Managers participated in the survey to a greater extent than respondents in the other jobs they hold.

The firm-industry descriptors in the table were taken into account. The various fields were also taken into account. The researcher was seeking diversity and how individuals perceived procurement methods on the table. In terms of category, 103 (91.3%) of the participants are from the service sector, followed by 4 (3.5%) from the mining and extraction industry, 1 (0.9%) from agriculture/agribusiness, 2 (1.8%) from manufacturing, and 3 (2.7%) from other sectors. The result clearly demonstrates that service attracted a greater percentage of the overall answers. The procurement department heads are listed in the table as either male or female. A clear percentage of the responders is displayed in the table. Males make up 77 (68.1%), while females make up 36 (31.9%). In the Metropolitan, Municipal and District Assemblies (MMDAs), the table above demonstrates a male predominance in the position of head of procurement.

#### **4.4 Descriptive Statistics**

This section gives detailed descriptive statistics of the items that were used to measure the constructs. There are four of them: contract management, sourcing, and procurement planning. Presentations can be seen in the tables below. The descriptive provides the total number of responses, lowest and maximum values, mean responses, and standard deviation. The respondents at the Metropolitan, Municipal and District Assemblies (MMDAs) were asked to rate their level of agreement with sourcing as a procurement practice on a scale of 1 to 7. The scale ranged from **1= not effective at all, 2= not effective, 3= completely not effective, 4=somewhat not effective, 5=effective, 6=somewhat effective, 7= completely effective**. The study's benchmark mean is 3.5.

**Table 4.2: Sourcing**

Items	Min	Max	Mean	Std. Dev
Recognizing significant sources of supply	2.00	7.00	4.98	1.369
Developing comprehensive tender documents	2.00	7.00	4.33	1.520
Inviting potentially relevant suppliers	1.00	7.00	4.95	1.614
Evaluating and selecting suppliers	1.00	7.00	3.98	1.732
Developing comprehensive contract documents	1.00	7.00	4.40	1.538
Contract terms are negotiated for value	2.00	7.00	4.42	1.328
Awarding contract timely	1.00	7.00	4.01	1.353

**Source: Author's own construct, 2022**

The extent to which the Metropolitan, Municipal, and District Assemblies have embraced the items for sourcing presented above is shown in Table 4.2 above (MMDAs). This outcome demonstrates the level at which Ghana's MMDAs are currently using sourcing practices. Every one of the several measured items scored higher than the average of 3.5. This demonstrates that there is widespread support for the Metropolitan, Municipal and District Assemblies (MMDAs) recognition of sourcing as a procurement method.

**Table 4.3: Procurement Planning**

Items	Min	Max	Mean	Std. Dev
locating necessary purchase requirements	1.00	7.00	4.96	1.541
Translating procurement into contract specifications	1.00	7.00	5.14	1.695
Developing procurement plan for specific procurement items	1.00	7.00	4.88	1.654
User departments begin procurement based on needs identification	1.00	7.00	4.95	1.679
Creating budgets for varied purchase requirements	1.00	7.00	4.68	1.654
Approval of the purchase plan by the appropriate authorities	1.00	7.00	4.85	1.754

**Source: Author's own construct, 2022**

The adoption rate of the procurement planning items by the Metropolitan, Municipal and

District Assemblies (MMDAs) is depicted in Table 4.3 above. This result demonstrates the level of adoption of procurement planning by the MMDAs. The respondents were asked to rate their level of agreement with procurement planning as a procurement practice on a scale of 1 to 7. The scale ranged from **1 = not effective at all** to **7 = completely effective**. Every one of the several assessed items scored higher than the average of 3.5. This demonstrates that there is widespread support for the idea that the MMDAs embrace procurement planning as a practice.

**Table 4.4: Contract Management**

Items	Min	Max	Mean	Std. Dev
Maintaining communication with important vendors to guarantee compliance	1.00	7.00	4.93	1.921
Expedite/monitor the delivery responsibilities and timetables of suppliers	1.00	7.00	4.45	1.716
Examining/revising contracts to reflect new requirements	1.00	7.00	4.68	1.769
Processing payments to suppliers	2.00	7.00	5.16	1.869

**Source: Author's own construct, 2022**

The adoption rate of the contract management recommendations made above by the Metropolitan, Municipal, and District Assemblies has depicted in Table 4.4 above (MMDAs). This outcome demonstrates the MMDA's use of contract management. Every single one of the many evaluated items received a score above the 3.5 average. This shows the notion that contract management is thoroughly evaluated by the MMDAs as a technique of procurement. According to Costello (2008), businesses with effective contract units, straightforward procedures, met deadlines and demands, and appropriately managed costs incentivise suppliers, improving performance.

**Table 4.5 Organizational Performance**

Items	Min	Max	Mean	Std. Dev
Managing relationships with key suppliers to ensure compliance	1.00	7.00	4.9292	1.92129
Expediting/Monitoring suppliers' delivery schedules and obligations	1.00	7.00	4.4513	1.71647
Reviewing/modifying contracts to meet changing needs	1.00	7.00	4.6814	1.76911
Processing payments to suppliers	2.00	7.00	5.1593	1.86876

**Source: Author's own construct, 2022**

Table 4.5 demonstrates the level of organizational performance that the Metropolitan, Municipal, and District Assemblies are exhibiting. Organizational performance in the MMDAs is typically good and improving. Every single one of the many evaluated items received a score above the 3.5 average. This shows that the Metropolitan, Municipal, and District Assemblies are in agreement that organizational performance is encouraging (MMDAs).

#### **4.5 Reliability of the Study**

Reliability analysis is employed to evaluate the internal consistency of the study's variables. The internal consistency of the items was evaluated using Cronbach's Alpha coefficient. The items were considered to have an adequate level of internal consistency if their Cronbach's alpha score was between 0.5 and 0.7. If it was greater than 0.7, it was deemed that they represented an excellent level (Hulin, Netemeyer and Cudeck, 2001).

**Table 4.6: Reliability Test**

Variable	Cronbach alpha	Number of items
----------	----------------	-----------------

1. Sourcing	0.712	6
2. Procurement planning	0.730	6
3. Contract management	0.749	4
4. Organizational performance	0.712	5

**Source: Author's own construct, 2022**

The Cronbach's Alpha of the various constructs, as shown in Table 4.6 above, are all more than the threshold of 0.7. This supports the research data's internal consistency and, as a result, the accuracy of the data measurement.

#### **4.6 Effect of Sourcing on Organizational Performance**

The researcher takes into account the initial objective. In this instance, correlation and regression analysis are used to show the relationship between the independent and dependent variables.

##### **4.6.1 Correlation Analysis (Sourcing and Organizational Performance)**

Regarding the first aim, sourcing (the independent variable) and organizational performance are measured by a correlation study to determine their linear connection (dependent variable).

The range of a correlation coefficient's value is from -1 to 1. The correlation between the variables was indicated by values that were closer to the absolute value of 1, while values that were closer to 0 suggested a weak or non-existent association. According to Pallant (2005), correlation values of less than 0.1 indicate a modest influence, more than 0.3 indicates a medium effect, and more than 0.5 indicates a strong effect. The correlation analysis carried out in light of the first aim is presented and discussed in this subsection.

**Table 4.7: Correlation (Sourcing and Organizational Performance)**

	Procurement Function	Organization Performance
--	----------------------	--------------------------

Sourcing	Pearson Correlation	1	.237
	Sig. (2-tailed)		.017
	N	113	113
Organization Performance	Pearson Correlation	.237	1
	Sig. (2-tailed)	.017	
	N	113	113

\*. Correlation is significant at the 0.05 level (2-tailed).

**Source: Author's own construct, 2022**

The results of the Pearson correlation test done on sourcing and organizational performance are shown in Table 4.7, and they reveal a favourable association between the two. With a significance level of 0.017 and a Pearson correlation coefficient of 0.237 ( $r=0.237$ ), it can be said that there is a positive association between the two variables.

#### 4.6.2 Regression Analysis (Sourcing and Organizational Performance)

Regression analysis is the ideal statistical model to utilize for examining the relationship between sourcing and organizational performance, which is what the first objective aims to do. This is so that the amount by which the independent variable explains the dependent variable may be determined by regression analysis (Denu, 2016). Between source (an independent variable) and organizational performance, a regression is run (dependent variable). The analysis's findings are displayed in Table 4.8 below.

**Table 4.8: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.237 <sup>a</sup>	.056	.047	.39712

a. Predictors: (Constant), sourcing

**Source: Author's own construct, 2022**

**Table 4.9: Coefficient**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1(Constant)	2.330	.238		9.801	.000		
Sourcing	.185	.077	.237	2.417	.017	1.000	1.000

a. Dependent Variable: Organization Performance

Source: Author's own construct, 2022

The regression analysis results in Tables 4.8 and 4.9 indicate an underlying association between Sourcing and organizational success. Table 4.7 shows that the multiple correlation coefficient (R) is 0.237 (R=-0.237). This is regarded as a measure of the accuracy with which the dependent variable, organizational performance, is predicted. In general, a result of R=-0.237 indicates a high degree of prediction. Table 4.13 clearly shows the value of adjusted R Square as 0.047. This means that in Metropolitan, Municipal, and District Assemblies (MMDAs), sourcing accounted for 4.7% of the variation in organizational performance. The diversity in organizational performance may be explained by a number of factors, but sourcing accounts for around 4.7% of it. On the other hand, it can be deduced that the remaining 95.3% of the variance in organizational performance cannot be accounted for by sourcing. In addition, the P value and positive coefficient imply that sourcing has a favourable and significant impact on organizational performance.

#### **4.8 Effect of Procurement Planning on Organizational Performance**

The second goal is taken into account by the researcher. In order to determine the link between the independent variable and the dependent variable, correlation and regression analyses are performed in this respect.

##### **4.8.1 Correlation Analysis (Procurement Planning and Organizational Performance)**

In order to determine the strength of the linear relationship between organizational performance and procurement planning, a Pearson correlation analysis was performed, and the results are shown in Table 4.10 below.

**Table 4.10: Correlation (Procurement Planning and Organizational Performance)**

		Procurement Planning	Organizational performance
Procurement Planning	Pearson Correlation	1	.173
	Sig. (2-tailed)		.068
	N	113	113
Organizational Performance	Pearson Correlation	.173	1
	Sig. (2-tailed)	.068	
	N	113	113

Source: Author's own construct, 2022

The test resulted in a Pearson correlation coefficient of  $R = 0.173$  with a p-value of 0.068, as shown in Table 4.10 above. The correlation value of 0.173 indicates a favourable association between organizational performance and procurement planning. This positive impact means that both variables move in the same direction, such that when one changes, the other changes as well, and when one changes, the other changes as well.

#### 4.8.2 Regression Analysis (Procurement Planning and Organizational Performance)

**Table 4.11: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.173 <sup>a</sup>	.030	.021	.56658

a. Predictors: (Constant), Procurement planning

Source: Author's own construct, 2022

**Table 4.12: Coefficient**

There may be an underlying connection between organizational performance and procurement

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	4.672	.431		10.834	.000		
Procurement Planning	.146	.079	.173	1.846	.068	1.000	1.000

a. Dependent Variable: Organizational performance

**Source: Author's own construct, 2022** planning, according to the findings of the regression analysis shown in Tables 4.10, 4.11, and 4.12. Table 4.10 shows that the multiple correlation coefficient (R) is 0.173 (R=0.173), as can be observed. This is regarded as a gauge of the accuracy of the organizational performance dependent variable's forecast. In essence, an R=0.173 rating denotes a high degree of prediction. As shown in Table 4.11, the corrected R Square value is 0.021. This suggests that in Metropolitan, Municipal, and District Assemblies, 2.1% of the difference in organizational performance may be attributed to procurement planning (MMDAs). Although there may be other elements that contribute to the difference in organizational performance, procurement planning accounts for only 2.1% of it. However, it may be concluded that procurement planning cannot account for the other 97.9% of the variation in organizational performance. Additionally, the P value and favourable coefficient imply that procurement planning has a favourable and significant impact on organizational performance.

#### 4.9 Effect of Contract Management on Organizational Performance

The third goal is taken into account by the researcher. In order to determine the link between the independent variable and the dependent variable, correlation and regression analyses are performed in this respect.

#### 4.9.1 Correlation Analysis (Contract Management and Organizational Performance)

In order to determine the strength of the linear relationship between organizational performance and procurement planning, a Pearson correlation analysis was performed, and the results are shown in Table 4.13 below.

**Table 4.13: Correlation (Contract Management and Organizational Performance)**

		Contract management	Organizational Performance
Contract management	Pearson Correlation	1	.166
	Sig. (2-tailed)		.001
	N	100	100
Organization Performance	Pearson Correlation	.166	1
	Sig. (2-tailed)	.001	
	N	100	100

\*. Correlation is significant at the 0.05 level (2-tailed). **Source: Author's own construct, 2022**

The test resulted in a Pearson correlation coefficient of  $R = 0.166$  and a p-value of 0.001 (Table 4.13 above). With a correlation value of 0.166, it can be concluded that contract management and organizational performance are positively correlated. This positive impact suggests that both variables are moving in the same direction, meaning that if one changes, the other changes as well, and vice versa.

#### 4.7.2 Regression Analysis (Contract Management and Organizational Performance)

**Table 4.14: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.166 <sup>a</sup>	.027	.017	.40315

a. Predictors: (Constant), contract management

**Source: Author's own construct, 2022**

**Table 4.15: Coefficient**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.496	.244		10.227	.000		
	Contract management	.124	.075	.166	1.662	.001	1.000	1.000

**Source: Author's own construct, 2022**

There may be an underlying connection between contract management and organizational performance, according to the regression analysis results shown in Tables 4.13, 4.14, and 4.15. The multiple correlation coefficient (R) is 0.166, as shown in Table 4.21 (R=0.166). This is regarded as a gauge of the accuracy of organizational performance. In essence, an R=0.166 rating denotes a high degree of prediction. As shown in Table 4.14, the corrected R Square value is 0.017. This suggests that in Metropolitan, Municipal, and District Assemblies, contract management explains 1.7% of the difference in organizational performance (MMDAs). Although there may be other elements that contribute to the difference in organizational performance, contract management accounts for only 1.7% of it. However, it can be concluded that contract management cannot account for the other 98.3% of the variation in organizational performance. Additionally, the P value and positive coefficient imply that contract management significantly and favourably affects organizational performance. According to Costello (2008), companies with efficient contract units that have operations that are simple, demands and deadlines met, and costs that are properly controlled incentivize suppliers, leading to improved performance.

#### 4.10 Testing of Hypothesis

**Table 4.16: Hypothesis Results**

Hypotheses	$\beta$	P-value	Decision
<i>H1: sourcing has a positive effect on organizational performance</i>	0.237	0.017	Supported
<i>H2: procurement planning has a positive effect on organizational performance</i>	0.173	0.068	Not Supported
<i>H3: contract management has a positive relationship with organizational performance</i>	0.166	0.001	Supported

Source: Author's own construct, 2022

## 4.11 Discussion of Findings

### 4.11.1 Effect of Procurement Planning on Organizational Performance

The analysis made from the data collected on this objective contextually revealed that both the independent variable and the dependent are related together. The analysis performed on this aim shows that procurement planning significantly and favourably impacts organizational performance. These firms arrange their procurement such that they accomplish their objectives while staying true to their strategic objectives (Greene et. al., 2007). Planning is a management idea that urges managers to plan out their goals and course of action in advance and to base their choices on a method, strategy, or logic rather than on a whim (Stoner, Freeman& Gilbert, 1995).

### 4.11.2 Effect of Sourcing on Organizational Performance

Inferential and descriptive statistics are used to examine the data after data collection for this purpose. The extensive use of statistics in the research shows a robust and favourable relationship between organizational success and sourcing. Establishing long-term connections

with UNOPS and looking for potential suppliers who can definitely deliver the things you require are both components of sourcing (United Nations Office for Project Services, 2019). In general, sourcing is finding potential suppliers that can unquestionably deliver the products you need and building long-term partnerships with them (Thai, 2010). The buyer can do this by asking potential vendors for information. Information on possible suppliers may be found through trade directories, displays, colleagues, publications, catalogue libraries, suppliers' prior performance, and suppliers' reputations (Weele, 2007). However, sourcing as a procurement function enhances institutional activity. When a business wants to bring in new products, services, or labour, sourcing is crucial. As a result, sourcing makes sure that organizations' performance is highly accomplished.

#### **4.11.3 Effect of Contract Management on Organizational Performance**

This objective's meaning was made evident by the analysis performed on it while taking into account the numerous statistical modules used. With all the statistical tools in place, it is clear that contract management significantly and favourably affects organizational performance. (2010) Nysten-Haarala, Lee, and Lehto set out to demonstrate how well flexibility may be included in the contractual process. They discovered that flexibility is crucial for contract management, which will lead to greater organizational performance. A range of performance measurements is essential in procurement departments where contract management takes place, according to Erridge, Fee, and McIlroy (2001).

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

Chapter five summarizes the whole investigation that the researcher did. This chapter gives a summary of the researcher's findings, suggestions made in light of the findings, and the need for more research.

## **5.2 Summary of Findings**

Below is the summary of the findings and the managerial implications.

### **5.2.1 Procurement Planning and Organizational Performance**

The outcomes of Pearson correlation analyses on these two topics revealed a favourable correlation between organizational performance and procurement planning. A favourable association between procurement planning and organizational effectiveness is revealed by the regression study's findings. In metropolitan, municipal, and district assemblies, procurement planning was shown to be responsible for 2.1% of the difference in organizational performance (MMDAs). The consequence is that the Metropolitan, Municipal and District Assemblies' (MMDAs') administration may perform better by strengthening their procurement plans and the processes involved in it. Additionally, management might use other state institutions as a standard when determining how to organize their procurements for value. Second, policymakers can create regulations that mandate that all Metropolitan, Municipal and District Assemblies (MMDAs) examine their procurement strategies annually to make sure that they make the best use of any state funds provided. Finally, it will act as a manual for academics on how to comprehend and value procurement planning in their research and academic studies.

### **5.2.2 Sourcing and Organizational Performance**

The study investigated how sourcing impacted how effectively businesses functioned. According to the results of a Pearson correlation test on the two variables, there is a connection between sourcing and organizational performance. Source selection and organizational

performance have a positive correlation, according to the study of the regression data. Sources may account for 4.7% of the variation in organizational performance in Metropolitan, Municipal, and District Assemblies, it is found (MMDAs). The management implication is that the management body should find measures to ensure that people who are a part of Metropolitan, Municipal and District Assemblies (MMDAs) shop from a supplier who would help them receive value for their money. On the other hand, policymakers need to develop sound regulations that would help Metropolitan, Municipal and District Assemblies (MMDAs) source from the appropriate sources. Additionally, regulations are created that prohibit conflicts of interest for the Metropolitan, Municipal and District Assemblies (MMDAs) while they are seeking possible suppliers. Last but not least, academics may utilize this study as reference material to deepen understanding and learn more about sourcing and its significance to organizational sets.

### **5.2.3 Contract Management and Organizational Performance**

A strong association between sourcing and organizational performance is demonstrated by the findings of Pearson correlation tests on contract management and the performance of organizations. Regression study findings show a favourable correlation between contract management and organizational performance. Contract management has been found to be responsible for 1.7% of the variation in organizational performance in Metropolitan, Municipal, and District Assemblies (MMDAs). The consequence is that the Metropolitan, Municipal and District Assemblies (MMDAs) should hire specialists in contract management to assist these organizations in handling their contract-related challenges in a professional manner. These experts might act as go-betweens for the company and its suppliers. To urge Metropolitan, Municipal and District Assemblies (MMDAs) to take contract concerns and management seriously as well as how they approach contracts, policymakers might enact strict

rules. Finally, it can give academics a place to conduct cutting-edge research on contract management and its effects on institutions.

### **5.3 Conclusion**

The results of this study support the conclusion that contract management, procurement planning, and sourcing all improve an organization's performance. In summary, the study finds that sourcing, procurement planning, and contract management are three independent variables that show a favourable association with the dependent variable of organizational performance.

### **5.4 Recommendations**

From the study's findings, the author proposes that:

First and foremost, sound planning is the basis for the implementation of all procurement strategies in any firm. With an effective procurement plan that emphasizes efficiency, costcutting, the quality of the offered products and services, and on-time delivery, a firm can be certain to improve its performance level. The study found that enhancing effective public procurement and, ultimately, organizational performance, requires training in modern procurement procedures. Employees are able to increase their knowledge and expertise in the area of procurement, allowing them to provide successful procurement services. As a result, management should spend money on training for their procurement department.

Second, the analysis revealed a number of sourcing issues that prevent strategic and sustainable sourcing. Sustainable sourcing will enable supplier growth, which will ultimately benefit the employer. To fulfil the fundamental requirements of the organizations, all Metropolitan, Municipal and District Assemblies (MMDAs) should implement all prevalent sourcing models and sourcing approaches. Therefore, the researcher suggests that efforts be made to improve the existing state of sourcing in Ghana's Metropolitan, Municipal, and District Assemblies

(MMDAs). Long-term, this will make supplier selection and fair competitive bidding possible. According to some, the most important step in the acquisition of products, works, and services is sourcing. When poor suppliers are chosen, the company is more likely to get subpar products, services, and labour, which will eventually have an impact on how well the organization performs.

Finally, the research makes the suggestion that in order to increase operational performance, the Metropolitan, Municipal, and District Assemblies (Local Government Service) administration in Ghana should work to enhance their contract management processes. The administration of Ghana's Metropolitan, Municipal, and District Assemblies (local government service) must also make an investment in ongoing training for their staff's inefficient contract management techniques in order to improve their performance. The report also advises Ghana's Metropolitan, Municipal, and District Assemblies (local government service) to implement suitable safeguards to guarantee that possible risks relating to contract management are identified and minimized in order to improve organizational and operational performance.

### **5.5 Suggestions for Future Studies**

This study examined how organizational performance was affected by public-sector procurement methods. In order to determine how procurement methods, affect performance, the study employed the Metropolitan, Municipal and District Assemblies (MMDAs) as the empirical backdrop. As a result, the report recommends that more research be done in other sectors, such as the industrial and service sectors, in the private sector.

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## APPENDIX

### QUESTIONNAIRE

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI**

**Department of Supply Chain and Information Systems**  
**A Survey on Procurement Management Practices in Ghana.**

**Public Procurement Survey, 2020**

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Dear Survey Participant,

Thank you for considering participation in this study that seeks to understand the public procurement process in Ghana. The aim of the study is to obtain empirical evidence to advance knowledge and support public policy decision on how to leverage public procurement to stimulate productivity. Thus, your active participation would be very much appreciated.

The study is undertaken by a team of researchers from Kwame Nkrumah University of Science and Technology (KNUST) School of Business. We can assure you that your responses will be treated in the strictest confidence, with the results collected being anonymised and used for statistical and academic purposes only. Kindly note that you are responding to this survey as a member of the senior management team in your organisation.

The questionnaire has specific instructions to follow and scales to use to indicate your responses. From your personal experiences and your knowledge of your company, kindly provide responses that represent the reality concerning the issues being studied in this research. Although some statements appear quite similar, they are also unique in many ways, **so kindly do well to respond to each statement.** The questionnaire will take about **15 minutes** to complete.

Thank you once again.

Please, indicate your consent for participation here  I agree  I disagree Section A:

<b>Please use the scale anchors provided at the right-hand side of this table to rate their respective statements.</b>						
<i>To what extent has your company been able to effectively undertake each of the following procurement activities over the last 3 years? (Sourcing)</i>	<b>Not effective at all</b>					<b>Extremely effective</b>
identifying important sources of supply	1	2	3	4	5	6 7
developing comprehensive tender documents	1	2	3	4	5	6 7
inviting potentially relevant suppliers	1	2	3	4	5	6 7
evaluating and selecting suppliers	1	2	3	4	5	6 7
developing comprehensive contract documents	1	2	3	4	5	6 7
negotiating contract terms for value	1	2	3	4	5	6 7
awarding contracts timely	1	2	3	4	5	6 7
<i>The statements below are key procurement objectives. Compared to industry average performance, how successful was your company in achieving each objective? (Procurement performance)</i>	<b>Strongly disagree</b>					<b>Strongly agree</b>
procuring goods/services at the right price	1	2	3	4	5	6 7
procuring the right quantity of goods						
procuring goods that meet users' needs	1	2	3	4	5	6 7
ensuring that items procured are delivered on time	1	2	3	4	5	6 7
ensuring that items procured are delivered to the right destination						
procuring goods that meet contract specifications	1	2	3	4	5	6 7
<i>To what extent has your company been able to effectively undertake each of the following procurement activities over the last 3 years? (Procurement Planning)</i>	<b>Not effective at all</b>					<b>Extremely effective</b>
identifying relevant procurement needs	1	2	3	4	5	6 7

translating procurement needs into contract specifications	1	2	3	4	5	6	7
developing procurement plan for specific procurement items	1	2	3	4	5	6	7
procuring based on needs identification initiated by user ini departments.							
developing budgets for various procurement needs.							
approval of procurement plan by the appropriate approving appro authorities.							
<i>To what extent has your company been able to effectively undertake each of the following procurement activities over the last 3 years? (Contract Management)</i>	<i>Not effective at all</i>						<i>Extremely effective</i>
managing relationships with key suppliers to ensure compliance	1	2	3	4	5	6	7
expediting/monitoring suppliers' delivery schedules and obligations	1	2	3	4	5	6	7
reviewing/modifying contract to meet changing needs cha	1	2	3	4	5	6	7
processing payment to suppliers	1	2	3	4	5	6	7
<i>SCALE: 1= "strongly disagree" to 7= "strongly agree" "st Large companies in our organisational industry. (performance)</i>	<i>Strongly disagree</i>						<i>Strongly agree</i>
1. We are able to deliver prompt services to our customers	1	2	3	4	5	6	7
2. We are able to deliver quality services to our customers	1	2	3	4	5	6	7
3. We are able to satisfy our customer needs.	1	2	3	4	5	6	7
4. We have an excellent civil service system.	1	2	3	4	5	6	7

5. Overall, our organizational productivity is high.	1	2	3	4	5	6	7
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**Section B: Firm Background**

1. Which of the following best describe your firm-industry?

- Service  Mining/Extraction  Agricultural/Agribusiness  Manufacturing
- Other.....

2. On average, how long has your firm existed?.....Years

3. On average, how many employees does your firm have?.....

4. What is the gender of head of the procurement unit in your organisation?

- Male  Female

**Section C: Respondent's Background**

*Kindly tell me about yourself in terms of*

- 1. Gender  Male  Female
- 2. Age (years)  20 to 29  30 to 40  40 to 49  50 or more
- 3. Education level  Secondary school or related Certificate  diploma/HND
- 1<sup>st</sup> Degree  2<sup>nd</sup> Degree or more
- 4. Number of years working in this firm.....Years
- 5. Managerial level  Supervisor  Middle (manager, e.g. head of department)  Top (e.g. CEO, managing director)

End of the survey. Thank you once again.

# KNUST

